

TEACHERS' RETIREMENT BOARD  
BUDGETS AND AUDITS COMMITTEE

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SUBJECT: 2002/2003 Budget Status Report

ITEM NUMBER: 3

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: November 6, 2002

INFORMATION:   

PRESENTER: Peggy Plett

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**Budget Status Update**

Year to date expenditure levels through September are lower than anticipated as we continue to see the impact of the Budget impasse. However, we believe the October report will reflect more typical expenditure levels.

**Penalty Payment**

The Committee asked staff to report late payment penalty fees due to the delay in passage of the State budget. Such penalty fees are authorized when criteria defined by the Department of Finance are met. These criteria address timing and dollar thresholds for payment of late penalty fees.

Our purchasing activity was minimal during that time period, and few invoices for payment were received. None that were received met the criteria for payment of late penalty fees.

**Pro Rata**

CalSTRS Support Appropriation has historically included an assessment known as pro rata as part of the cost of doing business as a State agency. Pro rata assessments have been based upon CalSTRS support operations. For the 02/03 fiscal year planning, both CalSTRS and Department of Finance staff agreed to our assessment of \$1,559,157, as documented in October 2001.

In a memorandum dated August 22, 2002, CalSTRS was notified that the DOF had certified the annual administrative pro rata charges against the funds administered by CalSTRS. In addition to the amount agreed upon in October 2001, the Department of Finance assessed a pro rata charge against CalSTRS' unclassified appropriation, which is our benefit payment stream. This increased our pro rata assessment by \$7,426,482 from \$1,559,157 to \$8,985,639, an increase of 476.3%.

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CalSTRS has a contract with the State Controller to pay all the direct costs associated with benefit payments. Therefore staff do not understand the rationale that supposes this to be subject to pro rata charges. The Department of Finance has not yet provided us with information regarding how these additional charges were determined.

In September 2002, we issued a formal protest to the increased charges to the State Controller's Office in anticipation of presenting this issue the Board for your consideration. Staff will provide an update on the status of this request at the meeting.

STATE TEACHERS' RETIREMENT SYSTEM  
MONTHLY BUDGET REPORT

2002/2003 FISCAL YEAR  
September 30, 2002

October 21, 2002 Attachment 1  
Item 3

	BUDGET ALLOTMENT	YEAR TO DATE EXPENDITURES	YEAR TO DATE ENCUMBRANCES	REMAINING BALANCE	REMAINING PERCENT
PERSONAL SERVICES					
Salaries & Wages	\$27,750,978	\$6,279,165	\$0	\$21,471,813	
Staff Benefits	\$6,003,368	\$1,502,467	\$0	\$4,500,901	
TOTAL PERSONAL SERVICES	\$33,754,346	\$7,781,632	\$0	\$25,972,714	77%
OPERATING EXPENSES & EQUIPMENT					
General Expense	\$4,286,833	\$104,106	\$165,901	\$4,016,826	
Printing	\$1,388,300	\$41,695	\$491,643	\$854,962	
Communications	\$848,800	\$71,594	\$0	\$777,206	
Postage	\$802,000	\$54,950	\$647	\$746,403	
Insurance	\$11,000	\$167	\$0	\$10,833	
Travel In-State	\$343,100	\$10,015	\$0	\$333,085	
Travel Out-of-State	\$68,900	\$0	\$0	\$68,900	
Training	\$429,500	\$47,270	\$0	\$382,230	
Facilities	\$3,913,000	\$847,511	\$2,426,626	\$638,863	
C. & P.S.-Interdepartmental	\$1,168,500	\$25,568	\$1,220,637	(\$77,705)	
C. & P.S.-External	\$11,987,500	\$67,258	\$1,883,942	\$10,036,300	
Consol. Data Svc. (Teale)	\$10,173,500	\$842,615	\$9,157,385	\$173,500	
Data Processing	\$6,445,100	\$769,002	\$5,401,612	\$274,486	
Pro Rata	\$1,529,387	\$0	\$0	\$1,529,387	
Equipment	\$521,700	\$0	\$0	\$521,700	
Other Items of Expense	\$7,000	\$177	\$0	\$6,823	
TOTAL O.E. & E.	\$43,924,120	\$2,881,928	\$20,748,393	\$20,293,799	46%
TOTAL PERS. SER. & O. E. & E	\$77,678,466	\$10,663,560	\$20,748,393	\$46,266,513	60%
REIMBURSEMENTS	(\$339,000)	\$0	\$0	(\$339,000)	100%
ED. CODE 22954 -SBMA-	(\$63,000)	\$0	\$0	(\$63,000)	100%
TOTAL STRS	\$77,276,466	\$10,663,560	\$20,748,393	\$45,864,513	59%